

TEACHERS' RETIREMENT ALLOWANCES FUND

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We commit ourselves to
administer the teachers'
pension plan in a caring manner
and manage its assets prudently to
ensure that our members receive
the benefits they have been
promised and the information
needed to make
educated retirement decisions.



PROFILE

The Manitoba Government created the Teachers' Retirement Allowances Fund (TRAF) as a result of a long-fought campaign headed by teachers, to have their own pension plan. Now, with 8,155 retirees and over 14,350 active members in our plan, retirement security is as critical as ever.

The Board of Directors

The TRAF Board administers the Teachers' Pensions Act and acts as trustee of the Fund. The Board employs the CEO and staff to fulfill its responsibilities under the Act.

The Board of Directors is made up of representatives from The Manitoba Teachers' Society, the Manitoba Association of School Trustees and the general public. Its members are appointed by the Lieutenant Governor in Council. At the end of their terms, they are either reappointed or a successor is found.

The role of the Board is to administer the Act and to ensure that beneficiaries of the plan are being treated appropriately. The Board strives to improve the operations and administers its responsibilities in the most efficient and effective way possible.

Investment Committee

The Investment Committee directs the Fund's investment activities and is composed of the Deputy Minister of Finance, a member of the Board representing teachers and the Chair of the Board. Over the past decade, a second teacher member has been named as an observer of the Investment Committee to provide greater teacher involvement in investment management discussions.

The Fund

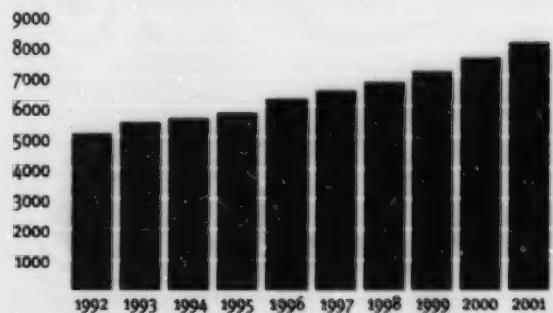
TRAF manages the employee portion of a defined benefit pension plan for Manitoba's public school teachers. The employer portion of teachers' pensions is not funded; it is paid by the Province of Manitoba as members retire.

On December 31, 2001, the Fund had assets of \$1.920 million invested in a diversified portfolio of equities and fixed income securities. TRAF has 14,350 active teacher members, 8,155 retired teachers and approximately 6,500 former teachers with benefit entitlements.

MEMBERSHIP PROFILE as at December 31, 2001



NUMBER OF PENSIONS IN PAY



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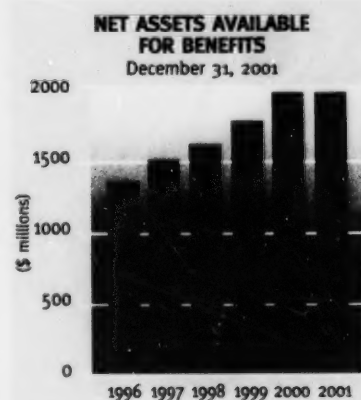
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FINANCIAL HIGHLIGHTS

Increase in Net Assets Available for Benefits

(\$ millions)	2001	2000
Net assets available for benefits, start of year	\$ 1,914	\$ 1,755
Add: Teacher contributions	48	47
Province's share of pensions	84	74
Investment return	41	190
Deduct: Pension payments	(157)	(141)
Other payments	(9)	(9)
Administration	(3)	(2)
Net assets available for benefits, end of year	\$ 1,918	\$ 1,914

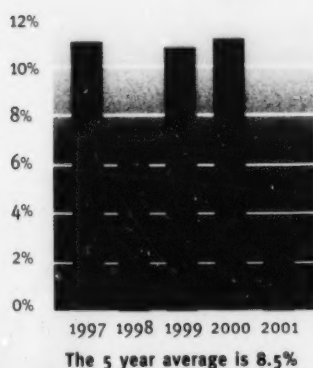


Investment return (%)	2001	2000
Annual	2.3	11.0
Composite benchmark	-1.8	8.3
Four-year average	7.9	10.1
Four-year benchmark	7.3	11.1
Actuarial requirement	7.0	7.0

ASSET MIX
as at December 31, 2001



INVESTMENT RETURN

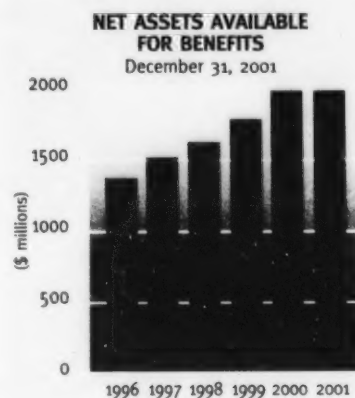




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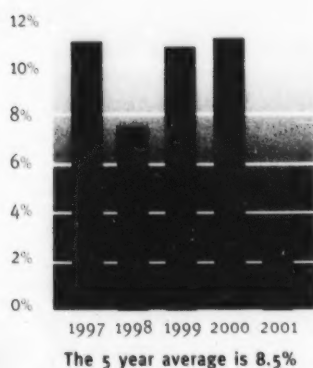


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ASSET MIX
as at December 31, 2001



INVESTMENT RETURN



MESSAGE FROM THE CHAIR OF THE BOARD

I am pleased to have been appointed as chair of the TRAF Board, and look forward with excitement to this new challenge. I was appointed late in the year 2001, so have just recently become acquainted with the rest of the Board, several of whom are also new. It is very satisfying to be part of a group who is sincerely dedicated to making sure that TRAF delivers on its pension promise. The Board could not do this without the support it gets from a strong TRAF management team, who with their staff, are taking a proactive stance when it comes to member issues. Whether it's ensuring that teacher records are accurate, or paying pensions on time, they are focussed on serving the retirement needs of Manitoba's teachers.

On behalf of the Board, it is my pleasure to note that 2001 provided another year of excellent investment performance, as you can see from our financial report. To have achieved a positive investment return in a year when many plans are not reporting positive returns is indeed a great accomplishment.



The main contributors to the positive return were our fixed income and real estate investments. Despite the difficulties generally encountered in equity investments, we are able to report a significantly above benchmark performance in each of our equity classes, enabling us to avoid some of the losses encountered by other funds. I would like to thank Greystone Managed Investments Inc. for its strong performance and professional guidance to the Investment Committee and Board in developing, implementing and monitoring our investment policy.

While we are pleased with the performance of our investment management structure, we continue to examine investment strategies that will enhance return while minimizing the volatility of returns. For the Board, this is first and foremost an educational process to ensure that we understand the asset classes and strategies we are considering before allocating assets to new forms of investment activity. As part of this exploration, I am encouraging the Board to consider a policy in favour of socially responsible investing, including consideration of local investments in support of Manitoba economic development.

We note that 2001 saw the first government contribution to its Unfunded Pension Liability Fund. We are aware that the government and The Manitoba Teachers' Society continue discussions with the objective to develop a modern form of governance for our pension plan, and to see the dream of a fully funded pension plan move towards reality. I am convinced that members can look forward with optimism about the future. The TRAF Board stands prepared to assist the process in any way the partners deem useful, with the best interests of you, our members, always our priority.

I look forward to becoming better acquainted with our members' views in 2002.

Alfred Black
Chair



TRAF BOARD MEMBERS: (L-R) Back row: Doug McGiffin, Bruce Chegus, Glen Anderson
Front row: Alfred Black (chair), Bob Malazdrewich, Henry Shyka, Pat Isaak (vice-chair)

MESSAGE FROM THE PRESIDENT & CEO

The year 2001 was a challenging one throughout the world. We think back to the horrific events of September 11 and contemplate how significantly our world has changed. Pension plans did not escape the reality of those changes. The most obvious, though not necessarily the only effect, was on our investment markets. 2001 presented investment challenges most investment managers have never had the opportunity to experience. Already facing negative markets into the third quarter, markets dropped dramatically in response to the terrorist attacks. Fortunately, the fourth quarter saw a remarkable recovery in equity markets.

When measuring our investment performance at the end of 2001, we are pleased with how we came through this difficult year. As noted in our financial highlights, we exceeded our total fund benchmark return by 4.1%; as well as exceeding our benchmark return in the major asset classes.

Despite our satisfaction with the general performance of our investment management structure, we are constantly reviewing opportunities to improve investment performance and manage investment risk. During the year we focussed on coming to an understanding of some alternative asset classes that might dampen the volatility of investment returns while enhancing overall return. Towards the end of 2001 we engaged William M. Mercer Ltd. to conduct an Asset Liability Modelling Study. The results of that study should help us to understand the relational behaviour among various assets in our current mix and will evaluate how the addition of other assets or investment strategies might assist us in managing investment risk. The study will be completed in the spring of 2002.

In May 2000 the Government of Manitoba announced its intent to commence setting aside funds to offset the pension liabilities for teachers and civil servants. Enabling legislation for the TRAF Board to manage these assets on behalf of the government was enacted in the summer of 2001. On November 1, 2001 we received the first payment into the Unfunded



Pension Liability Fund. Its status as at December 31, 2001 is reported in Note 8 in our financial statements.

During the past year TRAF has seen a dramatic change in the makeup of its Board. Ian Sutherland, prompted by a move to Ontario, requested that the government find an alternative chair. Ian came to TRAF during some challenging times and his facilitative leadership in dealing with those challenges is greatly appreciated. We also said farewell to Cordell Barker, a tireless and courageous advocate for teachers' pension rights. Art

Reimer spent only a couple of years on the Board, but we appreciated his support for the changes initiated during that time. We welcome our new chair, Alfred Black and two new teacher members, Glen Anderson and Henry Shyka to the TRAF Board. We look forward to continued support from the Board as we face the challenges of the next few years.

TRAF's staff has begun to feel the pressure anticipated by the influx of retiring baby-boomers, as our largest ever group of teachers commenced receipt of pension in 2001. Literally every area of service to our members saw an increase in demand. Our demographic projections suggest that 2002 will see another significant increase in retirements. While our staff has worked diligently to keep up with these additional demands, there have been times when our response time to member requests has been less than desirable. We appreciate your patience during these challenging times.

If anyone reading this report has questions regarding it or comments you would like to make about our operation, we welcome your inquiries and feedback. It is only through hearing from you that we can attempt to address your needs. TRAF maintains its commitment, as described in our mission statement, to put the interests of our members foremost in the work we do. We hold fast to that commitment as we face the new challenges of the 21st century.

Tom Uirich
President and CEO

INVESTMENT PERFORMANCE

The year 2001 has proven to be one of the more difficult challenges that investment managers have faced for many years. Markets were struggling in the midst of an economic slowdown even before the events of September 11, 2001. Fortunately the fourth quarter saw a rebound in equity markets and we were able to finish 2001 with an overall positive performance which was not achieved by many pension funds.

TRAF's performance on a comparative basis is excellent. We enjoyed returns substantially above the median in all major asset classes and for the total fund.

These investment results came in spite of a very difficult year in the equity markets. We experienced negative returns in our US and EAFE equity portfolios. Despite the TSE 300

declining by 12.6% we were fortunate to post a 0.1% return for our Canadian public equity portfolio. When combined with our private equity portfolio, which returned 0.7%, our overall Canadian equity performance was 0.3%.

Fortunately, the bond, mortgage and real estate markets performed well in 2001. With declining interest rates, used by the US Federal Reserve Board and the Bank of Canada to stimulate economic recovery, our fixed income portfolio experienced very positive increases in value. Despite the economic slowdown, our well-positioned real estate portfolio performed well due to a good income stream and partially due to the fact that we avoided properties affected by the bursting of the "tech bubble". Our return of 8.8% in bonds, 9.2% in mortgages and 9.1% in real estate provided literally all of the growth in the fund in 2001.

INVESTMENTS	Fair Value Dec. 31, 2001 (\$ millions)	2001 Return %	Benchmark Return %	Towers Perrin Median Return %
Fixed income				
Bonds and debentures	\$ 615	8.8	8.1	8.1
Mortgages	95	9.2	12.8	9.2
Money market securities	10	4.6	4.7	n/a
Equities				
Canadian	576	0.1	-10.5	-3.3
Non-North American	179	-13.6	-16.6	-15.4
United States	264	-3.8	-6.5	-4.7
Other	25	0.7	-10.5	-3.3
Real estate	157	9.1	9.4	10.1
Total	\$ 1,921	2.3	-1.8	0.4

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INVESTMENT PERFORMANCE

The specific objectives for the Fund's performance over the long term are:

- to exceed the aggregate returns achieved by the Fund's index-based benchmark asset mix portfolio by half of 1%
- to exceed the median fund performance results achieved in a universe of comparable balanced funds as calculated by an independent provider of performance measurement services
- to achieve a 3.75% rate of return above inflation

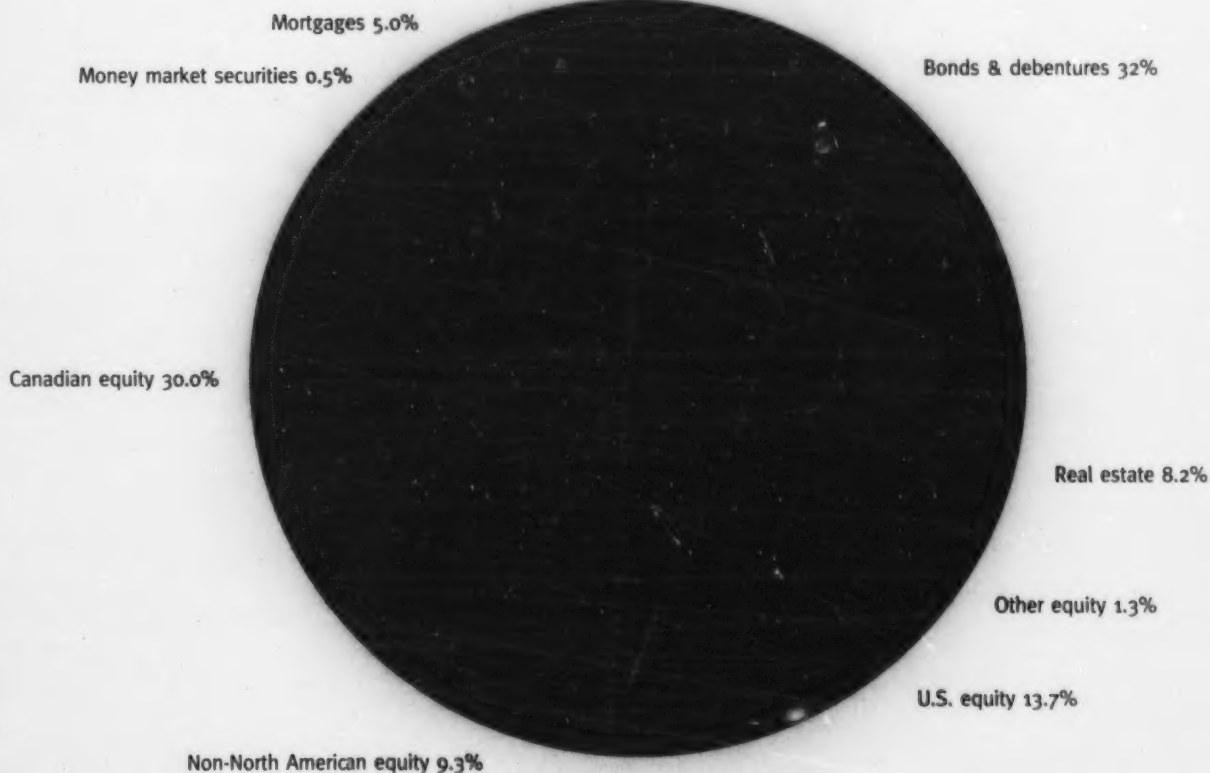
Despite our positive comparative performance, as measured against both benchmarks and the universe of other funds, we did not achieve our actuarial

requirement of a 3.75% return above inflation in 2001. However, these are long term standards, and we continue to exceed our actuarial requirement when measured over the three year period used to value the Fund.

The investment market of 2001 reinforced our belief that we must maintain vigilance in managing our investment risk. This is accomplished by closely monitoring the performance of each of our investment managers and by ongoing examinations of new investment strategies and asset classes that might minimize the volatility of our returns while enhancing our risk adjusted performance.

INVESTED ASSETS

as at December 31, 2001



Administering the TRAF plan means being actively involved in every aspect of teachers' pensions and all issues surrounding them. Each year takes on a slightly different focus depending on relevance, new agreements, or amendments to the Act that governs the TRAF plan. Following is a summary of some of the issues that shaped 2001.

Pension Adjustment Account (PAA)

The year 2001 took a more normal course regarding the cost of living adjustment (COLA) than in 2000 when a COLA was not granted until early the following year. Excellent rates of return on our fixed income investments during 2000 (12.27%) enabled the PAA to pay a COLA of 1.77% in July, 2001. This represented 58% of the Consumer Price Index (Canada) increase during 2000. So, while the adjustment was paid on schedule, its adequacy is questionable. Discussions continue between The Manitoba Teachers' Society and the government towards addressing the concerns with the PAA so that TRAF will be able to pay annual adjustments to pensions that have greater predictability and provide more sufficient protection against inflation.

Reciprocal Agreement

A reciprocal transfer agreement covering most provinces was successfully achieved effective May 1, 2001.

The new agreement facilitates teachers transferring their pensionable service from pension plan to pension plan as they make career decisions about their province of employment. While



TRAF MANAGEMENT TEAM: (Back row): Dewar McKinnon, Vice President, Finance & Operations; Kristi Baily, Communications Officer; Les Brown, Vice President, Information Services; (Front row): Brenda Venuto, Vice President, Benefits Administration & Member Services; Tom Ulrich, President and Chief Executive Officer

Newfoundland and British Columbia did not initially join the agreement, we have since been advised of BC's decision to enter, effective January 1, 2002. We continue to hope that Newfoundland will enter so it will become truly a national agreement. Discussions also continued with the federal authorities to include teachers who participate in the federal public service pension plan.

Data Review

Efforts are continuing in our Data Review project with over 53% of the active member files reviewed as of December 31, 2001. This project began in 2000 and involves auditing the pensionable salary, service and contribution data reported by the school divisions for all active members. By ensuring that data is correct, TRAF ensures that benefit information, including pension estimates and benefit statements, is more precise and ultimately that final pension benefits are paid appropriately.

New Legislation

Significant amendments were made to The Teachers' Pensions Act in July 2001 as a result of discussions between The Manitoba Teachers' Society and the Government of Manitoba. Highlights of the amendments include:

- Restricting the receipt of pension for plan members who return to work within 90 days of retirement or work more than 120 days in a school year.
- Purchasing past service at full actuarial cost including: parental leave; service while employed under the Minister of Education, Training & Youth or the minister responsible for universities; service while employed with the Faculty of Education at a Manitoba University; or service as a clinician while employed by a school division.

Various communications were distributed to both plan members and school divisions advising of these amendments.

Same-Sex Benefits

Amendments were made to The Teachers' Pensions Act to extend spousal rights to same-sex partners. This amendment occurred as a result of the Supreme Court of Canada decision which held that same-sex partners should receive the same benefits as opposite-sex partners in terms of spousal support and surviving spouse pension requirements.



Teacher Reporting System

TRAF collects teacher contributions and pensionable service data from the 65 school divisions across the Province. In 2001, TRAF implemented a new reporting system making the reporting and recording of data more efficient and effective. The new system incorporates the concepts of contractual salary and the number of work days in a standard work year. It was developed in-house by a cross-functional project team. Ensuring better, cleaner data and greater equity required a re-write of our largest and most complex computerized system – the teacher records system. The new system enables school divisions to edit data online and report to TRAF via a secure internet business to business connection.

Province of Manitoba - Unfunded Pension Liability

Through its balanced budget legislation, the Government of Manitoba committed to funding its unfunded liability for teachers' pensions. For all new teachers hired after April 1, 2000, the government matches the teachers' contributions and makes special additional payments toward the accrued liability. During 2001, The Teachers' Pensions Act was amended to authorize TRAF to manage the separate fund established to hold the government monies. A management agreement was signed and the government made its initial deposit of \$12.8 million into the separate fund.



ACCOUNT A (Basic Benefits Reserve)

Sub-section 45(4) of The Teachers' Pensions Act requires that an actuarial valuation be made at least once every three years. The most recent actuarial valuation was completed as at January 1, 2001 by Aon Consulting Inc., the actuary for the Fund. The stated objectives were to determine:

- a) actuarial estimates of the funding position (financial status) of the assets and liabilities under Accounts A & B on a going concern basis
- b) the solvency position of the assets and liabilities under Account A as at January 1, 2001
- c) actuarial estimates of the funding adequacy of member contributions under Account A for new entrants to the Fund

Account A represents the pre-funded teacher-financed portion of the Fund, and is responsible for the payment of roughly one-half of the basic pensions paid to retired teachers. Account B represents the unfunded government-financed portion of the Fund and is responsible for the payment of roughly one-half of the basic pensions plus cost of living adjustments paid to retired teachers. Account B is financed by the Province as benefit payments are made.

The January 1, 2001 valuation disclosed a surplus in Account A of \$102.9 million. This compares to a surplus of \$43.9 million disclosed at January 1, 1998. The surplus increase is the net effect of experience gains and changes in assumptions. The most significant experience gain was from investment earnings exceeding the 7.0% return assumed in the 1998 valuation. This gain was partially offset by a revision in the mortality assumption because experience suggests teachers are living longer than previously assumed.

For the first time this valuation included the Account B liabilities and assets. The total liabilities of Account B including future accruals of active teachers were determined to be

\$2,099.9 million as at January 1, 2001. For valuation purposes, Account B assets are deemed to be equal to the Account B liabilities, since the government has a legislated promise to pay its share of future pensions.

The Actuary also determined that there is no solvency deficiency in the Fund, and based on the assumptions used, a typical new entrant's contribution is not expected to fully fund the Account A 50% portion of the benefits that are to be funded by member contributions.



Pension Adjustment Account (PAA)

An actuarial valuation of the PAA is completed annually to determine what cost of living adjustment can be paid. Annual cost of living adjustments are the lesser of the prior year change in the Consumer Price Index (CPI) for Canada; or the amount determined by the actuary that the PAA can support. The valuation on December 31, 2000, showed a surplus of \$14,633,868 prior to the granting of a cost of living increase for 2001. This enabled TRAF to grant a cost of living increase of 1.77% effective July 1, 2001, which was 54.8% of the CPI (Canada) for 2000.

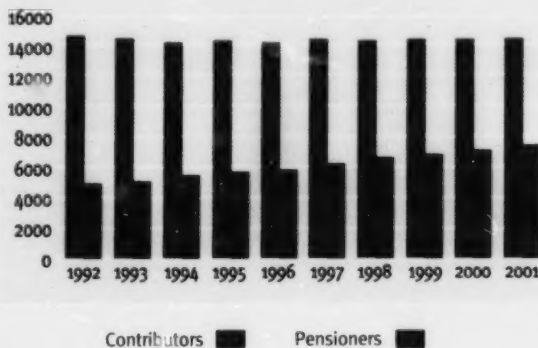
The PAA may not be able to pay reasonable cost of living adjustments in the future unless the legislation surrounding the Account is changed.

MEMBER SERVICES

Whether managing the assets of the fund; directing investments; conducting seminars or personal appointments; responding to information requests; distributing the newsletters and annual report; or providing monthly pension payments, the well-being of our membership is always the focus of our efforts.

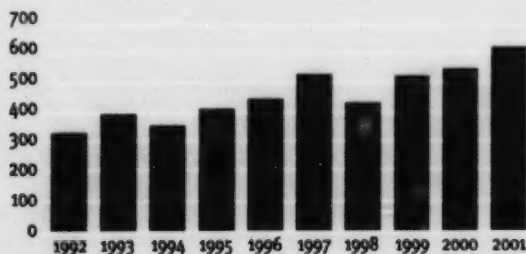
During 2001, we maintained service, salary and contribution records for 14,350 active teachers, 6,500 former teachers, and ensured that our 8,155 retired members and their beneficiaries received their benefit entitlements.

CONTRIBUTORS AND PENSIONERS



Contributors ■ Pensioners ■

NUMBER OF NEW PENSIONS GRANTED



Meeting service demands continues to be a priority as we see a growing number of teachers approaching and entering retirement. Members continue to request pension estimates and other benefit information necessary to make decisions regarding their retirement. The number of actual retirements increased 14% over 2000 and is expected to peak in 2002 when the leading edge of the "baby boomers" reaches age 55.

General Information Requests	2001	2000
Estimate Calculations	6,094	7,273
Number of Appointments	1,172	1,205
Number of Seminars - Winnipeg	22	24
- Rural	17	16

These numbers do not include calculations for buybacks, (including maternity leave) marriage break-up entitlements, reciprocal transfers, death benefits and contribution refunds.

New Retirements	2001		2000	
	Male	Female	Male	Female
# of Retirements*	245	226	226	189
Average Age	57.171	57.239	57	57.672
Average Service	31.258	26.697	30.774	26.607
Average Pension	\$2,289	\$1,815	\$2,218	\$1,804

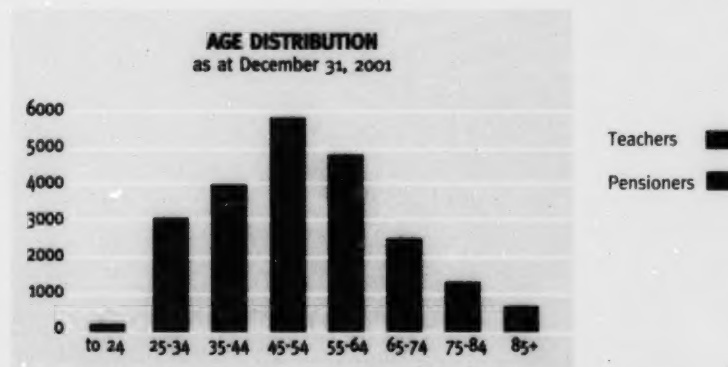
*There were a further 138 pensions processed for deferred members.

In July 2001, legislation was passed to allow teachers to purchase past service as pensionable service. Furthermore, teachers who returned to work after commencing pension were required to pay back any pension received if returning to work within 90 days of retirement or when working more than 120 days in a school year. Communications were distributed to all new retirees informing them of these amendments.

PENSIONS

As at December 31, 2001, pension payments were being made to 8,155 former teachers and their beneficiaries. This represents a net increase of 512 from the prior year. Following is a summary analysis of the number and types of pensions being paid:

PENSIONS IN PAY	2001	2,000
Regular service pensions		
retired teachers	7,261	6,806
dependants or estates of deceased retired teachers	373	302
Disability pensions		
retired disabled teachers	37	46
dependants or estates of deceased retired disabled teachers	7	6
Death benefits		
surviving spouses or children of deceased teachers	133	138
Special annuities	344	345
Total	8,155	7,643
Female pensioners	4,412	4,175
Male pensioners	3,743	3,468





TEACHERS' RETIREMENT ALLOWANCES FUND

The Financial Statements of the Teachers' Retirement Allowances Fund have been prepared by management, which is responsible for the integrity and fairness of the data presented, including amounts based on informed estimates and assumptions. The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial and operating data elsewhere in the Annual Report are consistent with the Financial Statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained. These controls include high quality standards for hiring and training employees, an organizational structure that provides a well defined division of responsibilities and accountability for performance, and the communication of policies and guidelines throughout the organization.

Ultimate responsibility for the Financial Statements rests with the Board, assisted in its responsibilities by the management and staff. The Fund's external auditor, the Provincial Auditor, has conducted an independent examination of the Financial Statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as considered necessary to express the opinion in the auditor's report. The Provincial Auditor has full and unrestricted access to the Board to discuss the audit and related findings as to the integrity of the Fund's financial reporting and the adequacy of internal control systems.

A handwritten signature in black ink, appearing to read "Tom Ulrich".

Tom Ulrich
President & Chief Executive Officer

A handwritten signature in black ink, appearing to read "Dewar McKinnon".

Dewar McKinnon, CGA
Vice President, Finance & Operations

March 13, 2002

AUDITOR'S REPORT



Office of the Provincial Auditor

500-330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

To the Legislative Assembly of Manitoba
To the Members of the Teachers' Retirement Allowances Plan

We have audited the statement of net assets available for benefits of the Teachers' Retirement Allowances Fund as at December 31, 2001 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at December 31, 2001 and the changes in net assets available for benefits and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
March 13, 2002

A handwritten signature in black ink, appearing to read 'Jon W. Singleton'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jon W. Singleton, CA•CISA
Provincial Auditor

TEACHERS' RETIREMENT
ALLOWANCES FUND

Statement of Net Assets Available for Benefits

as at December 31, 2001

(\$ Thousands)	2001	2000
ASSETS		
Investments, Note 3	\$ 1,920,736	\$ 1,905,856
Investment income receivable	9,204	11,944
Contributions and other receivables, Note 4	10,629	9,714
Cash	400	2,461
Fixed assets	302	232
Prepaid expense	7	7
TOTAL ASSETS	1,941,278	1,930,214
LIABILITIES		
Accrued liabilities	3,142	2,812
Payable for settlement of outstanding trades	(152)	5,956
Money purchase accounts, Note 6	433	406
Employer trust accounts, Note 7		
Manitoba Teachers' Society	4,679	4,789
Manitoba Association of School Trustees	264	290
Province of Manitoba - Unfunded Pension Liability		
Fund Trust Account, Note 8	13,421	-
Provision for Fund's share of employees' pension		
benefits, Note 9	1,812	1,662
TOTAL LIABILITIES	23,599	15,915
NET ASSETS AVAILABLE FOR BENEFITS	\$ 1,917,679	\$ 1,914,299

Chair

Board Member

TEACHERS' RETIREMENT
ALLOWANCES FUND

Statement of Changes in Net Assets Available for Benefits

for the year ended December 31, 2001

(\$ Thousands)	Account A		2001	2000
	Basic Benefits	Pension Adjustments	Total	Total
INCREASE IN ASSETS				
Contributions, Note 10	\$ 124,123	\$ 7,395	\$ 131,518	\$ 121,150
Net investment income, Note 13	62,161	10,346	72,507	73,760
Current period change in fair value of investments, Note 14	(31,666)	—	(31,666)	116,505
TOTAL INCREASE IN ASSETS	154,618	17,741	172,359	311,415
DECREASE IN ASSETS				
Pensions paid	144,155	12,874	157,029	140,968
Refunds	6,323	—	6,323	5,790
Transfers under reciprocal agreements	2,616	—	2,616	2,446
General administration, Note 17	3,011	—	3,011	2,416
TOTAL DECREASE IN ASSETS	156,105	12,874	168,979	151,620
INCREASE (DECREASE) IN NET ASSETS	(1,487)	4,867	3,380	159,795
BALANCE AT BEGINNING OF YEAR, as previously reported	1,812,854	101,445	1,914,299	1,754,504
Restatement, Note 18	(17,596)	17,596	—	—
BALANCE AT BEGINNING OF YEAR, as restated	1,795,258	119,041	1,914,299	1,754,504
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	\$ 1,793,771	\$ 123,908	\$ 1,917,679	\$ 1,914,299

Notes to Financial Statements

for the year ended December 31, 2001

1. Description of Plan

The following description of the Teachers' Retirement Allowances Fund ("the Fund") plan is a summary only. For more complete information, reference should be made to The Teachers' Pensions Act ("the Act"), as amended.

(a) General

The Teachers' Retirement Allowances Fund Board ("the Board") was originally constituted under an Act passed at the 1925 session of the Legislature. The Board currently operates under the authority of The Teachers' Pensions Act. The Board is charged with responsibility for administering the Act and functions as trustee of a fund maintained to provide defined benefit pensions to public school teachers in Manitoba.

The Act provides for distinct and separate accounts in the Fund, known respectively as Account A and Account B. In Account A, the Fund records the net assets arising from teacher contributions and all payments of pensions, allowances and expenses. It also receives reimbursement for the Province's half of the pensions paid as a transfer from Account B. Account B records the receipt of the Province of Manitoba's payments for its share of pensions paid and certain other payments as described in the Act. Account B is reduced by transfers to Account A. The balance of Account B is reflected as receivable on the statement of net assets available for benefits (Note 4).

The Fund maintains separate trust accounts for the Manitoba Teachers' Society (MTS) and the Manitoba Association of School Trustees (MAST). Qualifying employees of these organizations are considered to be teachers for purposes of participating in the Fund. Employer obligations for benefits, in respect of these individuals, are funded through these separate trust accounts.

The Fund holds the Unfunded Pension Liability Fund monies in trust on behalf of the Province of Manitoba. The balance of the trust account is shown as a liability on the statement of net assets available for benefits (Note 8).

The Fund also keeps separate Money Purchase Accounts to hold other related funds on a trust basis.

(b) Funding

The Act requires all Manitoba public school teachers to contribute to the Fund on a basis related to their salary. Teachers contribute 5.7% on pensionable earnings up to the Canada Pension Plan's yearly maximum pensionable earnings (YMPE) and 7.3% on pensionable earnings in excess of the YMPE. In accordance with the Act, 83.5% of contributions are used to fund basic benefits and 16.5% of contributions are allocated to the Pension Adjustment Account for the purpose of indexing benefits.

Notes to Financial Statements

for the year ended December 31, 2001

In accordance with the Act, the Province of Manitoba contributes, on an annual basis, its share of pensions paid during the year and certain other statutory charges. The Province's liability for pension benefits, which is approximately \$1.7 billion, is unfunded (Note 12).

(c) Retirement pensions

An unreduced pension is available at age 60, or as early as age 55 where combined age and service equals 80. Any reduction in pension is offset by a bridging benefit. Members are eligible to retire at age 55 with 10 years of qualifying service, provided that two of the years are within a 10 year period ending after 1984. All members must commence pension benefits no later than December 31 of the year age 69 is attained.

(d) Withdrawal refunds

Subject to lock-in provisions, refunds are available when an active member ceases employment.

(e) Death benefits

(i) Active teachers

Upon the death of an active teacher, a lump sum is payable to the estate or beneficiary based on pre-1985 contributions and interest and the commuted value of the post 1984 deferred pension. A spouse may elect to convert the lump sum benefit to a monthly annuity. Where the service is non-vested, the benefit payable is the contributions and interest accumulated in 1985 and later.

(ii) Pensioners

Upon the death of a pensioner, pension benefits continue to be paid to a beneficiary where a survivor option has been selected. A refund is payable to the estate or beneficiary of a pensioner where the pension paid out is less than the contributions and interest accumulated at the pension effective date.

(f) Other provisions

(i) Buybacks

Purchase of past service and reinstatement of refunded service is allowed, pursuant to the terms and conditions contained in the Act.

(ii) Marriage break-up

Where a marriage has broken up in 1984 or later, the spouse is entitled to one-half the value of the pension earned during the period of marriage pursuant to the terms and conditions contained in the Act.

Notes to Financial Statements

for the year ended December 31, 2001

(iii) Maternity leaves

A current teacher, or a former teacher who is not receiving a pension, may purchase periods of service missed due to maternity leave(s).

(iv) Teaching while receiving a pension

A member, who retires and returns to work within 90 calendar days of retirement, is deemed not to have retired. The member must repay any pension benefits received and resume contributing to the Fund. A retired member can receive a pension while working, until the member reaches the 121st full day of service in one school year. When this happens, the member's pension is withheld and the member must resume contributing to the Fund.

(g) Cost of living adjustments

Pensions are adjusted annually by the lesser of the change in the Canada Consumer Price Index or the amount actuarially available in the Pension Adjustment Account to fund one-half of the cost of living adjustment.

(h) Income taxes

The Teachers' Retirement Allowances Fund is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes. The Fund's registration number is 0273698.

2. Significant Accounting Policies

(a) Basis of presentation

The financial statements of the Fund are prepared on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. The statements are prepared to assist teachers and others in reviewing the activities of the plan during the year.

The Fund's financial statements are prepared in accordance with Canadian generally accepted accounting principles.

(b) Investments

Investments are stated at fair value on a trade date basis. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act.

Notes to Financial Statements

for the year ended December 31, 2001

Publicly traded investments are stated at year end market prices as listed on the appropriate exchange, or as provided by the Fund's custodian from independent outside sources.

High yield debt, according to the characteristics of the specific debt instruments, is stated at market value based on bid prices, discounted cash flows or held at cost where no market value is available.

Mortgages are stated at market value based on the present value of future cash flows.

Money market securities are recorded at cost which approximates market.

Pooled equity funds are valued based on the quoted market price of the underlying investments.

Private investments such as private debt and other equity are valued by the external manager or are held at cost where no previous valuation has been prepared.

Real estate market values are based on the most recently available external management valuations or appraisals of the underlying properties or held at cost where no previous valuation has been prepared.

(c) Foreign currency translation

The market value of investments and cash balances denominated in foreign currencies are translated into Canadian dollars at the rates in effect at year end and the resulting change is included in the current period change in fair value of investments.

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. Hedged foreign currency transactions are translated at rates of exchange established by the terms of the forward exchange contracts. The foreign exchange on revenue and expense transactions is included in investment income.

(d) Forward contracts

A forward is a contractual obligation either to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate. Forward contracts are valued at the estimated amounts that the Fund would receive or pay to terminate the contracts at the reporting date. Gains or losses on forward contracts are recognized with the current period change in fair value of investments.

(e) Provision for Fund's share of employees' pension benefits

Employees of The Teachers' Retirement Allowances Fund are pensionable under The Civil Service Superannuation Act. The Teachers' Retirement Allowances Fund accrues a liability for the employer share of the employees' pension benefits, including future cost of living adjustments, based on an actuarial report.

(f) Fixed assets

Computer equipment, office equipment and software acquisitions are capitalized and amortized on a straight line basis over five years.

TEACHERS' RETIREMENT
ALLOWANCES FUND

Notes to Financial Statements

for the year ended December 31, 2001

3. Investments, at Fair Value

(\$ Thousands)	2001	2000
Fixed Income		
Bonds and debentures	\$ 614,447	\$ 705,330
Mortgages	95,169	87,937
Money market securities	10,095	29,059
Equities		
Canadian	576,408	581,664
Non-North American	179,175	182,267
United States	263,607	171,024
Other	25,390	28,881
Real estate	156,445	119,694
	\$ 1,920,736	\$ 1,905,856

4. Contributions and Other Receivables

(\$ Thousands)	2001	2000
Account B	\$ 7,046	\$ 6,325
Teacher contributions	3,583	3,372
Other receivables	—	17
	\$ 10,629	\$ 9,714

5. Risk Management

The Fund follows a balanced fund asset mix strategy to earn the best possible investment return at an acceptable level of risk.

(a) Interest rate and market risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities.

The value of the Fund's investments is affected by changes in nominal short term interest rates and their impact on equity markets. Assuming a parallel change in long and short term yields, a 1% increase in interest rates would have the effect of decreasing the value of fixed income investments by 5%.

Pension liabilities are exposed to the long term expectation of real rate of return on the investments as well as expectations of inflation and salary escalation. Holding all other actuarial assumptions constant, a 1% decrease in the assumed long term rate of return would result in a 14% increase in the pension liabilities for Basic Benefits.

TEACHERS' RETIREMENT
ALLOWANCES FUND

Notes to Financial Statements

for the year ended December 31, 2001

The value of certain investments is also affected by the existence of limited secondary markets.

To manage interest rate and market risks, the assets of the Fund are invested to ensure a prudent level of diversification by type of security, geographic location and by industry.

(b) Credit risk

Credit risk arises from the potential for an investee to fail or for a counterparty to default on its contractual obligations to the Fund.

The Fund limits credit risk by dealing with counterparties that are considered to be of high quality, by obtaining collateral where appropriate, through investment diversification and by setting and monitoring compliance with portfolio guidelines.

(c) Foreign currency risk

Foreign currency exposure results where investments are denominated in a foreign currency.

The Fund, through its investment managers, may employ hedging strategies to mitigate the foreign currency risk in the portfolio. At December 31, 2001, the Fund held \$12,370,000 (2000 - \$4,835,000) in forward contracts with a net unrealized loss of \$217,000 (2000 - \$78,000 unrealized gain).

6. Money Purchase Accounts

Separate money purchase accounts have been established for persons transferring amounts to the Fund in accordance with the Act. These accounts are maintained separately from the Fund's other activities. The individual accounts earn investment income, less an administration fee of 1% of the average balance in the account during the year. On the written direction of the individual, the accumulated amount of the individual's account is transferred out to a Locked in Retirement Account or into the Fund's Account A for initiation of a lifetime annuity.

(\$ Thousands)	2001	2000
Balance at beginning of year	\$ 406	\$ 389
Deposits	13	-
Investment income	18	21
Administration fee	(4)	(4)
Balance at end of year	\$ 433	\$ 406

TEACHERS' RETIREMENT
ALLOWANCES FUND

Notes to Financial Statements

for the year ended December 31, 2001

7. Employer Trust Accounts

The Fund maintains separate trust accounts for the employer obligation for pension benefits in respect of MAST and MTS employees who are members of the Fund. The trust accounts receive the employer contributions and investment income and are charged with the employer share of pensions paid.

(a) Manitoba Teachers' Society Trust Account

(\$ Thousands)	2001	2000
Balance at beginning of year	\$ 4,789	\$ 4,506
Contributions	—	—
Investment income	101	477
Pension payments	(211)	(194)
Balance at end of year	\$ 4,679	\$ 4,789

(b) Manitoba Association of School Trustees Trust Account

(\$ Thousands)	2001	2000
Balance at beginning of year	\$ 290	\$ 286
Contributions	—	1
Investment income	6	30
Pension payments	(32)	(27)
Balance at end of year	\$ 264	\$ 290

TEACHERS' RETIREMENT
ALLOWANCES FUND

Notes to Financial Statements

for the year ended December 31, 2001

8. Province of Manitoba - Unfunded Pension Liability Fund Trust Account

The Unfunded Pension Liability Fund monies are held in trust for and on behalf of the Province. These monies are not Plan assets and therefore are accounted for separately by the Fund in the Unfunded Pension Liability Fund Trust Account. Under authority of sub-section 41(16) of The Teachers' Pensions Act, the Board entered into an agreement with the Province to invest these monies on behalf of the Province. According to the terms of the agreement, those monies earn the rate of return of the Fund and the Fund is paid a management fee for its investment management services.

(\$ Thousands)	2001
Balance at beginning of year	\$ -
Deposits	12,815
Investment income	610
Management fee	(4)
Balance at end of year	<u>\$ 13,421</u>

9. Provision for Fund's Share of Employees' Pension Benefits

(\$ Thousands)	2001	2000
Balance at beginning of year	\$ 1,662	\$ 1,542
Benefits accrued	90	67
Interest accrued on benefits	125	116
Benefits paid	(65)	(63)
Balance at end of year	<u>\$ 1,812</u>	<u>\$ 1,662</u>

The valuation of the pension obligations as at December 31, 1998 was conducted by Ellement and Ellement Ltd., consulting actuaries. The key actuarial assumptions were a rate of return of 7% (1995 - 7.5%), 3% inflation (1995 - 3.75%), salary rate increases of 4.5% (1995 - 5.5%) and post retirement indexing at 2/3 of the inflation rate. The entry age normal actuarial cost method was used and the liabilities have been extrapolated to December 31, 2001 using a formula provided by the actuary.

10. Contributions

(\$ Thousands)	2001	2000
Teachers	\$ 47,518	\$ 45,965
Transfers from Account B		
Share of benefits charged	81,490	72,601
Other statutory charges	1,660	1,664
Transfers under reciprocal agreements	850	920
	<u>\$ 131,518</u>	<u>\$ 121,150</u>

for the year ended December 31, 2001

TEACHERS' RETIREMENT
ALLOWANCES FUND

Notes to Financial Statements

for the year ended December 31, 2001

12. Accrued Pension Benefits

(a) Basic benefits

The present value of accrued pension benefits, for Accounts A and B (excluding Pension adjustments which are shown in (b) below), for service to January 1, 2001, was determined from the actuarial valuations referred to in Note 11. The present value of accrued pension benefits has been extrapolated from January 1, 2001 to December 31, 2001, using a formula developed by the actuary.

(\$ Millions)	Account A	Account B	2001 Total	2000 Total
Estimated actuarial present value of accrued pension benefits for service to beginning of year	\$ 1,539	\$ 1,494	\$ 3,033	\$ 2,873
Change in assumptions	34	38	72	-
Adjusted beginning of year	1,573	1,532	3,105	2,873
Interest accrued on benefits	109	107	216	197
Benefits accrued	53	50	103	90
Benefits paid	(71)	(69)	(140)	(127)
Net increase in accrued pension benefits	91	88	179	160
Estimated actuarial present value of accrued pension benefits for service to end of year	\$ 1,664	\$ 1,620	\$ 3,284	\$ 3,033

The estimated actuarial present value of accrued pension benefits in Account A is the Fund's obligation, while Account B represents the Province's obligation. The Account B liability for basic benefits is unfunded.

(b) Pension adjustments (cost of living)

The present value of accrued pension adjustments has been extrapolated to December 31, 2001, using a formula developed by the actuary.

(\$ Millions)	Pension Adjustment Account	Account B Cost of Living	2001 Total	Restated 2000 Total
Estimated actuarial present value of accrued pension adjustments at beginning of year, as previously reported	\$ 88	\$ 82	\$ 170	\$ 181
Retroactive adjustment	16	17	33	-
Beginning of year, as restated	104	99	203	181
Interest accrued on benefits	7	7	14	11
Benefits accrued	15	13	28	33
Benefits paid	(13)	(13)	(26)	(22)
Estimated actuarial present value of accrued pension adjustments at end of year	\$ 113	\$ 106	\$ 219	\$ 203

The comparative figures have been restated to reflect the 2.00% pension adjustment paid retroactive to July 1, 2000. Effective July 1, 2001, the Board approved the payment of a 1.77% pension adjustment. The Account B liability for cost of living adjustments is unfunded.

TEACHERS' RETIREMENT
ALLOWANCES FUND

Notes to Financial Statements

for the year ended December 31, 2001

13. Investment Income

(\$ Thousands)	2001	2000
Fixed Income		
Bonds and debentures	\$ 38,265	\$ 42,958
Mortgages	7,165	7,001
Money market securities	1,542	1,923
Equities		
Canadian	11,540	9,060
Non-North American	4,278	6,351
United States	3,421	1,965
Other	148	136
Real estate	10,151	8,360
Gross investment income	\$ 76,510	\$ 77,754
Less: Transfer to money purchase accounts, Note 6	(18)	(21)
Transfer to employer trust accounts, Note 7	(107)	(507)
Transfer to Province of Manitoba - Unfunded Pension Liability Fund Trust Account, Note 8	(610)	-
Transfer for Fund's share of employees' pension benefits, Note 9	(125)	(116)
Investment management fees, Note 17	(3,143)	(3,350)
Net investment income	<u>\$ 72,507</u>	<u>\$ 73,760</u>

14. Current Period Change in Fair Value of Investments

(\$ Thousands)	2001	2000
Net realized gain on the sale of investments	\$ 4,733	\$ 163,888
Net unrealized market depreciation	(36,399)	(47,383)
Current period change in fair value of investments	<u>\$ (31,666)</u>	<u>\$ 116,505</u>

15. Related Party Transactions

(a) Investments with the Province of Manitoba

(\$ Thousands)	Bonds	Short Term	2001 Total	2000 Total
Balance at beginning of year	\$ 15,420	\$ -	\$ 15,420	\$ 19,236
Purchases	5,416	103,678	109,094	105,992
Sales	(11,308)	(103,678)	(114,986)	(110,155)
Current period change in fair value	(519)	-	(519)	347
Balance at end of year	<u>\$ 9,009</u>	<u>-</u>	<u>\$ 9,009</u>	<u>\$ 15,420</u>
Interest income	\$ 669	\$ 275	\$ 944	\$ 1,226

TEACHERS' RETIREMENT
ALLOWANCES FUND

Notes to Financial Statements

for the year ended December 31, 2001

(b) Investment Management Services

The Fund owns 10.5% of Greystone Capital Management Inc., whose subsidiary Greystone Managed Investments Inc. provides investment management services to the Fund on a fee for service basis. Investment management fee expense for the year was \$2,598,299 (2000 - \$2,266,677).

16. Commitments

As at December 31, 2001, the Teachers' Retirement Allowances Fund had outstanding investment commitments totalling \$6.1 million (2000 - \$17.2 million).

17. Administrative Expenses

(\$ Thousands)	2001	2000
Salaries and benefits	\$ 1,971	\$ 1,487
Office and administration	475	416
Actuarial fees	107	58
Custodial and banking	193	225
Communication and travel	133	104
Professional fees	47	77
Board expenses	85	49
Sub-total	3,011	2,416
Investment management fees, Note 13	3,143	3,350
Total	\$ 6,154	\$ 5,766

18. Restatement

During 2001, The Teachers' Pensions Act was amended to provide for a one-time transfer of \$15.6 million from Account A to the Pension Adjustment Account retroactive to December 31, 1999. The purpose of the transfer was to fund the July 1, 2000 retroactive 2.0% cost of living adjustment paid to retired teachers in February 2001. The effect of the restatement is to increase the opening balance of the Pension Adjustment Account by \$17.6 million and to decrease the opening balance of the Basic Benefits Reserve by the same amount. The restatement includes the 2000 year investment income of \$1.97 million earned on the Pension Adjustment Account as a result of the retroactive transfer. There is no effect on the comparative figures.

TEACHERS' RETIREMENT
ALLOWANCES FUND

Schedule of Investments

as at December 31, 2001

Bonds and Debentures	Interest Rate (%)	Maturity Date	Fair Value (\$ Thousands)
Federal			
Canada	5.250	01-Sep-2003	\$ 100,400
Canada	5.750	01-Sep-2006	27,355
Canada	4.500	01-Sep-2007	10,112
Canada	6.000	01-Jun-2008	14,446
Canada	6.000	01-Jun-2011	41,316
Canada	5.250	01-Jun-2012	17,803
Canada	11.250	01-Jun-2015	8,610
Canada	9.000	01-Jun-2025	21,895
Canada	5.750	01-Jun-2029	29,311
Canada	5.750	01-Jun-2033	17,791
Export Development Corp.	6.200	22-Jun-2010	5,872
			294,911
Provincial			
British Columbia	6.375	23-Aug-2010	4,859
British Columbia	5.700	18-Jun-2029	5,111
British Columbia	6.350	18-Jun-2031	2,837
Manitoba	5.850	25-Jan-2011	5,435
Manitoba	5.500	15-Nov-2018	3,574
New Brunswick	8.750	19-Apr-2005	4,952
New Brunswick	6.000	27-Dec-2017	5,928
Newfoundland	6.550	17-Oct-2030	4,060
Nova Scotia	5.500	15-Mar-2006	4,062
Nova Scotia	6.400	01-Sep-2010	7,740
Ontario	4.875	02-Jun-2004	11,707
Ontario	FLTG	24-Jan-2005	4,841
Ontario	6.200	19-Nov-2009	14,129
Ontario	6.500	08-Mar-2029	12,064
Ontrea Inc.	5.700	31-Oct-2011	3,634
Quebec	6.500	01-Dec-2005	8,348
Quebec	6.500	01-Oct-2007	9,298
Quebec Finance Corporation	6.250	01-Dec-2015	4,044
Saskatchewan	4.750	01-Dec-2006	3,882
Saskatchewan	5.500	02-Jun-2008	4,907
Saskatchewan	5.750	05-Mar-2029	2,196
Saskatchewan	6.400	05-Sep-2031	1,689
			129,297
Corporate			
Alberta Energy Co. Ltd.	8.380	27-Jun-2005	1,763
Alliance Pipeline	7.181	30-Jun-2023	3,605
Associates Capital Corporation	5.750	17-Aug-2006	3,609
Bank of Nova Scotia	5.650	22-Jul-2013	4,915
Bell Canada	6.000	01-May-2003	2,046
BNS Capital Trust	7.310	31-Dec-2010	2,261
Borealis Infrastructure	6.270	03-May-2011	2,849
Calpine CDA Energy	8.500	01-May-2008	1,460
Canadian Tire Corp. Ltd.	5.700	09-Jun-2008	2,156
Celestica Intl.	10.500	31-Dec-2006	2,324
Citibank Canada	6.400	28-Jul-2003	3,893
Citibank Canada	6.550	28-Jul-2005	3,932
Coca Cola Enterprises	6.700	24-Jul-2003	2,344
Epcor Utilities Inc.	6.750	22-Mar-2016	2,266
Ford Credit Canada Limited	6.000	08-Mar-2004	4,359
Genesis Trust	6.869	15-Feb-2005	3,306
Genesis Trust Powerline	6.428	15-Nov-2003	4,297
Gloucester Credit Card	5.693	15-Mar-2006	3,108
GMAC Canada Ltd.	5.850	28-Mar-2005	5,041
H407 International Inc.	9.000	15-Aug-2007	4,211
H407 International Inc.	6.900	17-Dec-2007	2,256
H407 International Inc.	6.400	16-Feb-2004	2,609
Hollis Rec. Trust	6.205	21-Sep-2004	3,891
Investors Group Inc.	6.750	09-May-2011	2,375
Loblaw Companies Limited	6.500	19-Jan-2011	1,404
Loblaw Companies Limited	6.000	02-Jun-2008	1,430
Manulife Financial Capital	6.700	30-Jun-2012	2,073
Merrill Lynch	6.750	15-Nov-2032	2,729
Merrill Lynch	5.660	12-Nov-2033	2,154
Merrill Lynch	6.790	15-Apr-2011	2,853
NAV Canada	6.600	01-Dec-2006	4,255
Royal Bank of Canada	7.100	25-Jan-2015	3,326
Royal Bank of Canada	6.750	04-Jun-2012	5,325
Royal Bank of Canada	7.288	30-Jun-2010	2,580
Shaw Communications Inc.	7.400	17-Oct-2007	3,604

TEACHERS' RETIREMENT
ALLOWANCES FUND

Schedule of Investments

as at December 31, 2001

Bonds and Debentures - Continued	Interest Rate (%)	Maturity Date	Fair Value (\$ Thousands)
TD Capital Trust Securities	7.600	31-Dec-2009	4,113
Telus Corporation	7.500	01-Jun-2006	4,716
Toronto Airport Authority	5.950	03-Dec-2007	8,391
Toronto Airport Authority	6.700	19-Jul-2010	2,347
Toronto-Dominion Bank	6.550	31-Jul-2012	3,903
Transalta Corp.	6.050	16-Jan-2006	3,213
Trizec Finance Ltd.	10.875	15-Oct-2005	1,632
			134,924
High Yield Debt			
Bowater Inc.	10.850	30-Nov-2014	2,039
BC Gas Inc.	8.000	19-Apr-2010	2,726
Central Park Lodges Ltd.	7.310	27-Sep-2004	1,094
Dryden High Yield	-	09-Nov-2013	4,789
Enbridge Inc.	5.450	12-Apr-2006	4,221
Falconbridge Limited	8.500	08-Dec-2008	1,003
Franklin II Ltd.	-	28-Aug-2013	6,385
Gloucester Credit Card	7.851	15-Mar-2006	2,063
Intrawest Corp.	6.850	02-Dec-2002	1,980
Norampac Inc.	9.375	01-Feb-2008	2,090
Oxford Properties Group Inc.	7.250	24-Jun-2008	1,002
Rogers Cablesystems	9.650	15-Jan-2014	1,697
Rogers Cantel Inc.	10.500	01-Jun-2006	2,021
Rogers Communications Inc.	8.750	15-Jul-2007	1,960
St. Joseph Print Ltd.	11.500	21-Dec-2004	1,500
TCW II Ltd.	-	02-Dec-2013	4,789
Trilon Financial Corp.	8.350	01-Dec-2006	1,605
Trizec Hahn Corp.	7.450	01-Jun-2004	2,129
Videon Cablesystems Inc.	8.150	26-Apr-2010	3,070
			48,163
Private			
Penfund Capital	7.00-13.46	2002-2003	2,375
			2,375
Investments under \$1 Million			4,777
Total Bonds and Debentures			\$ 614,447

Mortgages	Location	Fair Value (\$ Thousands)
Insured	British Columbia	\$ 699
	Manitoba	5,416
	Ontario	6,330
	Saskatchewan	106
		12,551
Conventional	Alberta	30,940
	British Columbia	13,151
	Manitoba	16,713
	Ontario	21,814
		82,618
Total Mortgages		\$ 95,169

Money Market Securities	Maturity Date	Fair Value (\$ Thousands)
Government of Canada - Treasury Bill	18-Jul-2002	\$ 1,692
Bank of Montreal - Term Deposit	02-Jan-2002	3,880
		5,572
Investments under \$1 million		4,523
Total Money Market Securities		\$ 10,095

**TEACHERS' RETIREMENT
ALLOWANCES FUND**

Schedule of Investments

as at December 31, 2001

Canadian Equities	Fair Value (\$ Thousands)	Other Equities	Fair Value (\$ Thousands)
AGF Mgmt.	\$ 14,509	CAI Capital Partners	\$ 2,562
Bank of Montreal	26,446	Canadian Home Income Plan	1,411
Bank of Nova Scotia	44,166	Greystone Capital Management Inc.	1,820
Barrick Gold Corp.	17,155	Livingston International	1,700
Bombardier Inc.	21,790	MDS Capital Corp.	6,471
CAE Inc.	9,231	MDS Health Pension Corp.	2,418
Cameco Corp.	22,088	MDS Health Ventures Inc.	2,252
Canadian National Railway	31,958	Neuroscience Partners	3,122
Canadian Natural Resources	13,745	Wembley Resources	1,129
Celestica Inc.	19,760		
CGI Group Inc.	7,630		22,885
Domtar Inc.	15,975	Investments under \$1 million	2,505
Finning International Inc.	11,366		
Ipsco Inc.	10,959	Total Other Equities	\$ 25,390
Loblaw Co.	19,607		
Magna Intl. Inc.	29,048		
Manulife Financial Corp.	16,798		
Masonite International Corp.	10,650		
Methanex Corp.	7,752		
Nortel Networks Corp.	7,551		
Open Text Co.	8,127		
Penn West Petroleum	12,991		
Petro-Canada	16,667		
Power Corp. of Canada	23,428		
Power Financial Corp.	22,595		
Quebecor World Inc.	11,851		
Royal Bank of Canada	42,400		
SNC-Lavalin Group Inc.	3,274		
Talisman Energy Inc.	11,791		
Teknion Corp.	3,517		
Toronto Dominion Bank	36,027		
Transalta Corp.	9,040		
Transcanada Pipelines	14,893		
	574,785		
Investments under \$1 million	1,623		
Total Canadian Equities	\$ 576,408		
Non-North American Equities	Fair Value (\$ Thousands)	Real Estate	Fair Value (\$ Thousands)
Greystone Non-North American Pooled Fund	\$ 86,805	8081 Lougheed Hwy.	\$ 7,716
Templeton Management Ltd.	92,351	Airways III	6,213
		Aset Management Inc.	15,342
	179,156	Bramalea City Centre	7,966
Investments under \$1 million	19	Commerce Valley	2,634
Total Non-North American Equities	\$ 179,175	Dalhousie Station	3,757
		Enterprise Street	3,632
		Explorer Drive	1,495
		Eskimo Equities Inc.	3,994
		Ford Credit Canada	1,258
		Hewlett Packard Building	7,465
		Meridian Business Centre	3,143
		Pensionfund Realty Ltd.	77,091
		Saskpen Properties Ltd.	1,508
		Seven Oaks Shopping Centre	2,478
		Summerlea Clark Road	10,237
			155,929
		Investments under \$1 million	516
		Total Real Estate	\$ 156,445
U.S. Equities	Fair Value (\$ Thousands)		
Greystone	\$ 168,053		
Mellon Capital Index Pooled Fund	95,552		
	263,605		
Investments under \$1 million	2		
Total U.S. Equities	\$ 263,607		

Corporate Directory

BOARD OF DIRECTORS

Alfred Black, Chair
Pat Isaak, Vice Chair
Glen Anderson
Bruce Chegus
Bob Malazdrewich
Doug McGiffin
Henry Shyka

INVESTMENT COMMITTEE

Alfred Black, Chair
Pat Gannon, Deputy Minister of Finance
Henry Shyka, Teacher Member
Glen Anderson, Teacher Observer

INVESTMENT MANAGEMENT

Greystone Managed Investments Inc.
Mellon Capital Management
Franklin Templeton Investments

PERFORMANCE MEASUREMENT

Towers Perrin
Cost Effective Measurement Inc.

CUSTODIAN

CIBC Mellon Global Securities Services

MANAGEMENT

Tom Ulrich
President and Chief Executive Officer

Les Brown
Vice President, Information Services

Dewar McKinnon
Vice President, Finance and Operations

Brenda Venuto
Vice President, Benefits Administration and
Member Services

Kristi Baily
Communications Officer

ACTUARY

Aon Consulting Inc.

AUDITOR

The Provincial Auditor of Manitoba

LEGAL COUNSEL

Michael Werier, D'Arcy & Deacon

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